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This Week in Canadian Agriculture, Issue 8 2004

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Report Highlights:

Temporary Ban On Poultry From Texas * Several Asian Governments Ban Canadian Poultry * Decline In Farm Cash Receipts Despite Record Program Payouts * More Cattle Aid Possible * Grain And Feed Annual Report * CN Rail Strike Hurting Shipments, Says CWB * Study Probes Canadian Farmers' Views On GM Wheat

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
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This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

TEMPORARY BAN ON POULTRY FROM TEXAS: The Canadian Food Inspection Agency (CFIA) placed temporary import restrictions on live poultry and poultry products from Texas following the confirmation of highly pathogenic avian influenza in the state. A CFIA spokesperson said that the precautionary, interim import restrictions are an added safeguard intended to protect animal and human health while the U.S. administers its epidemiological investigation and trace-out activities. CFIA animal health officials are in close contact with their U.S. counterparts to monitor the situation. Canada will re-assess the measures as additional information becomes available. The CFIA plans to issue a comprehensive list of the banned items shortly.

SEVERAL ASIAN GOVERNMENTS BAN CANADIAN POULTRY: Following last week's announcement by CFIA of avian influenza on a British Columbia farm, China, Japan, South Korea, Hong Kong, Singapore and the Philippines have imposed bans on imports of poultry and poultry meat from Canada. The trade impact of the actions will be relatively small. *Comment: Of total Canadian poultry and poultry meat exports during 2003 of \$100 million, the Asia Pacific region accounted for about \$13 million. The major share of Canadian live poultry and poultry meat exports in 2003 was to the United States (\$70 million).*

DECLINE IN FARM CASH RECEIPTS DESPITE RECORD PROGRAM PAYOUTS: Canadian farm cash receipts during 2003 slipped to C\$34.2 billion, down 5% from a year earlier reflecting the effects of the BSE crisis on cattle producer incomes and a three-year low in crop revenues. Revenue from livestock tumbled 11.1% to C\$16.2 billion, the biggest decline in more than a decade. Receipts for crop producers fell 8.4% to C\$13.2 billion, the lowest level since 2000. In contrast, government program payments rose 42% to a record C\$4.9 billion, shattering the previous record of C\$3.8 billion set in 1992. The majority of the increase in program payments in 2003 occurred through three types of programs: the 2003 Transition Funding program; BSE-related assistance programs, and crop insurance programs. Farmers received more than C\$1.0 billion through both the 2003 Transition Funding and BSE-related programs (the Transition Funding program was implemented to support the agricultural industry during the period of transition to the new Agricultural Policy Framework). Crop insurance payments surged to a record C\$1.8 billion due to poor growing conditions in 2002 and an increase in acreage insured. Gross payments under provincial stabilization programs soared 79.5 % to C\$711 million. The majority of this increase is attributed to additional payments delivered to cattle, hog, corn and soybean producers in response to weakening prices. Net Income Stabilization Account (NISA) withdrawals continued to climb, reaching C\$723 million, up C\$107 million from the 2002 record level. Payments for income disaster assistance programs reached C\$440 million, up 13.7%.

MORE CATTLE AID POSSIBLE: According to press reports, the GOC is considering another C\$65 million in short-term cattle assistance for the BSE beleaguered industry citing the backlog of cattle on farms and weakening market prices. In June of 2003, the GOC announced a BSE assistance package that will be cost-shared by the federal government and participating provinces and territories on a 60-40 basis. The cost-shared funding was originally estimated at C\$276 million from the federal government and C\$184 million for

provincial and territorial governments. The federal government added an additional C\$36 million to the program in August 2003 and introduced a cull animal assistance program worth another C\$120 million late last year that could be supplemented by the provinces by up to another C\$80 million.

GRAIN AND FEED ANNUAL REPORT: For 2004/05, in western Canada, seeded area is expected to shift out of spring wheat and coarse grains into oilseeds and durum wheat. In the east, a drop in winter wheat area is forecast to be offset by an increase in corn. Post forecasts that feed use projections will be directly impacted (higher) in 2003/04 and 2004/05 due to closure of overseas markets for Canadian live cattle exports resulting from the discovery of bovine spongiform encephalopathy (BSE) in 2003. For additional information, see GAIN Annual Grain and Feed report CA4013.

CN RAIL STRIKE HURTING SHIPMENTS, SAYS CWB: The February 25 *Toronto Star* reported that the Canadian Wheat Board (CWB) said it is starting to see its shipments affected by a strike at Canadian National (CN) Railway Co., the country's largest railway. But the CWB is still able to ship grain to seaports for export, said Louise Waldman, a CWB spokesperson. Almost a quarter of CN's employees, represented by the Canadian Auto Workers union, went on strike last Friday. The 5,000 employees on strike include clerical staff, workers who repair locomotives and intermodal yard workers. The CWB requested 2,300 rail cars from CN for the upcoming week, but has been notified it will get only 1,400, Waldman said, noting the shortfall is not unprecedented. The CWB would likely ask for federal government intervention if it felt the strike would prevent grain from moving to port, Waldman said. CN spokesperson Mark Hallman denied the company was cutting back its services to the grain industry.

STUDY PROBES CANADIAN FARMERS' VIEWS ON GM WHEAT: The February 20 edition of the *Globe and Mail*, covering a Reuters article reported that University of Manitoba researchers want to find out what would influence Canadian farmers to grow genetically modified wheat in a 12-page survey of 11,000 rural Prairie households. In Canada, farmers have said they are interested in Monsanto's GM wheat if it can be kept separate from non-GM harvests, if markets will accept it, and if it provides economic benefits, Monsanto Canada spokeswoman Trish Jordan said. Many farm groups have expressed reservations about a variety of GM wheat developed by Monsanto that is currently being tested for food, feed and environmental safety by Canadian and U.S. regulators. Marketers like the Canadian Wheat Board have said export buyers would reject Canadian wheat if Ottawa approves the crop. Canadian regulators do not currently consider market impact and other nonscientific factors when approving crops for use, and neither does an industry body that recommends whether crops should be registered. But the federal agriculture department has said it would hold consultations this year on whether it should add a new step to crop approvals. The University of Manitoba authors said they hope to have some results available by July or August that they hope will influence the new policy.

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CA4010	This Week in Canadian Agriculture, Issue 5	2/9/2004
CA4009	This Week in Canadian Agriculture, Issue 4	1/30/2004
CA4008	Livestock Semi-Annual	1/30/2004
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CA4004	Grain and Feed Monthly Update	1/14/2004

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